Role of Financial Institutions

3341. SHRI V. HANUMANTHA RAO: Will the Minister of FINANCE be pleased to state:

(a) what is the role of financial institutions, like Industrial Development Bank of India and Industrial Finance Corporation of India, in the economic liberalisation;

(b) whether it is a fact that top management of IDBI and IFCI are not interested in promoting new industries and new entrepreneurs;

(c) what steps are proposed to review their role in future; and

(d) whether limits will be placed on their role in participating in management issues of large private sector concerns?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKARA MURTHY): (a) and (c) The basic role of large financial institutions (FIs) like Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India Limited (IFCI) is to support ndustrial development in the country y providing medium and long term credit to the industry. In order to enable Fis to play their role more effectively in the changing economic ınd industrial scenario, large FIs ,uch as IDBI and IFCI have been provided greater functional autonomy and operational flexibility. They have also been enabled to access the capital market through issue of equity share capital and enlarge their shareholders' base. This is also in line with the recommendations of the Narasimham Committee on the Financial System.

(b) No, Sir.

(d) FIs appoint nominee directors on the Boards of assisted private sector companies having regard to all relevant aspects including the extent of financial assistance extended by then. The nominee directors are expected to act in the best interest of the company and also safeguard the interest of the FI concerned. IDBI has reported that experience of the FIs with regard to nominee directors has generally been satisfactory.

Smuggling of Mandrax and Gold

3342. SHRI S. MADHAVAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the smuggling of goods to Sri Lanka from India;

(b) whether the smuggling of Mandrax tablets from Southern States to Sri Lanka is on the increase;

(c) whether Government's attention has been drawn to the statement made by the Director General of Revenu Intelligence that smuggling of gold into India via Colombo is going on; and

(d) what are the steps taken to prevent such smuggling activities?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKARA MURTHY): (a) to (d) Smuggling being a clandestine activity it is not possible to state with certainty if it has increased or decreased. However some cases of smuggling of Narcotics including Mandrax and gold between India and Sri Lanka have come to the notice of anti smuggling agencies.

Field Formations are alert to detect and prevent smuggling including smuggling between India and Sri Lanka. Close coordination is being maintained amongst all agencies including Srilankan authorities concerned with detection and prevention of smuggling.